

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
TRANSPORTATION POLICY COMMITTEE MEETING

April 15, 2009
MAG Office, Saguaro Room
Phoenix, Arizona

MEMBERS ATTENDING

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| Mayor Steven Berman, Gilbert, Chair | * Eneas Kane, DMB Associates |
| # Mayor Marie Lopez Rogers, Avondale,
Vice Chair | * Mark Killian, The Killian Company/Sunny
Mesa, Inc. |
| Councilmember Ron Aames, Peoria | Mayor Jackie Meck, Buckeye |
| # Kent Andrews, Salt River Pima-Maricopa
Indian Community | * David Scholl |
| Councilwoman Maria Baier, Phoenix | # Mayor Elaine Scruggs, Glendale |
| * Vice Mayor Gail Barney, Queen Creek | Mayor Scott Smith, Mesa |
| # Stephen Beard, SR Beard & Associates | * Mayor Jim Lane, Scottsdale |
| Dave Berry, Swift Transportation | Mayor Lyn Truitt, Surprise |
| Jed Billings, FNF Construction | Supervisor Max W. Wilson, Maricopa County |
| Mayor James Cavanaugh, Goodyear | * Felipe Zubia, State Transportation Board |
| * Mayor Boyd Dunn, Chandler | * Vacant, Citizens Transportation Oversight
Committee |
| # Mayor Hugh Hallman, Tempe | |
| * Not present | |
| # Participated by telephone conference call | |
| + Participated by videoconference call | |

1. Call to Order

The meeting of the Transportation Policy Committee (TPC) was called to order by Chair Steven Berman at 4:10 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited. Chair Berman announced that Mayor Hugh Hallman, Mayor Marie Lopez Rogers, Mayor Elaine Scruggs, Kent Andrews, and Steve Beard were participating by telephone. Mayor Berman noted that revised materials for agenda item #6 that were previously emailed to members were at each place.

3. Call to the Audience

Chair Berman stated that an opportunity is provided to the public to address the Transportation Policy Committee on items that are not on the agenda that are within the jurisdiction of MAG, or non action agenda items that are on the agenda for discussion or information only. Citizens will be requested not to exceed a three minute time period for their comments. An opportunity is provided to comment on agenda items posted for action at the time the item is heard.

Chair Berman noted that no public comment cards had been received.

4. Approval of Consent Agenda

Chair Berman stated that agenda items #4A, #4B, and #4C were on the consent agenda. He stated that public comment is provided for consent items, and noted that no public comment cards had been received. Councilmember Aames moved to recommend approval of consent agenda items #4A, #4B, and #4C. Supervisor Wilson seconded, and the motion carried unanimously.

4A. Approval of the March 18, 2009, Meeting Minutes

The Transportation Policy Committee, by consent, approved the March 18, 2009, meeting minutes.

4B. Update to the Arterial Life Cycle Program Policies and Procedures

The Transportation Policy Committee, by consent, recommended approval of the proposed changes to the previously approved December 19, 2007, ALCP Policies and Procedures. The Arterial Life Cycle Program (ALCP) Policies and Procedures approved by the MAG Regional Council on December 19, 2007, require revisions, which include refinements to policies on the Regional Area Road Fund (RARF) Closeout Process, the addition of substitute projects, and the amendment or termination of signed and effective Project Agreements. Other minor technical refinements are also included. The ALCP Working Group met on November 17, 2008, and January 9, 2009, to discuss the revisions and continued the discussion and refinement process via e-mail. On April 8, 2009, the Management Committee recommended approval of the proposed changes.

4C. Arterial Life Cycle Program Status Report

A Status Report on the Arterial Life Cycle Program (ALCP) is provided for the period between October 2008 and March 2009 and includes an update on ALCP Project work, the remaining FY 2009 ALCP schedule, and ALCP revenues and finances. This item was on the agenda for information and discussion.

5. Update on the American Recovery and Reinvestment Act of 2009: ADOT Portion, MAG Sub-Allocation, and MAG Region Transit Funds

Eileen Yazzie, MAG Transportation Program Manager, reported on the American Recovery and Reinvestment Act of 2009 (ARRA), which provides funds for highway, transit, and transportation enhancement projects. She stated that at the March 2009 meeting, the MAG Regional Council approved the necessary Transportation Improvement Program (TIP) project changes for five ADOT-led freeway projects programmed with ARRA funds. Ms. Yazzie stated that the I-10: Verrado Way to Sarival Road construction project was advertised on March 27, and the other four projects will be advertised between now and the end of June 2009.

Ms. Yazzie stated that also at the March meeting, the Regional Council approved amendments and modifications to the MAG TIP to include 15 transit projects. She noted that the process for the grant application with FTA, the City of Phoenix, RPTA, and METRO light rail is underway and will continue through June and July.

Ms. Yazzie stated that the ARRA legislation designates three percent of the state highway portion of the ARRA funds (\$15.6 million) for transportation enhancement projects. She advised that the Transportation Enhancement Review Committee recommended that due to the time constraints, using the existing projects and also that the existing transportation enhancement funding be replaced by ARRA money plus an additional 50 percent of the current transportation enhancement funding (up to \$250,000), not to exceed the total project cost. Ms. Yazzie stated that applying this formula means that less funding will be required for the local share. She then reviewed the transportation enhancement projects list by saying that 11 of the 23 transportation enhancement projects are in the MAG region and total about \$7.1 million. Ms. Yazzie noted that any amendments or modifications to the MAG TIP will go through the MAG process after the Priority Planning Advisory Committee and the State Transportation Board take action, and she added that this will likely take place in the May/June timeframe.

Ms. Yazzie stated that upon a recommendation by the Transportation Policy Committee in March for the sub-allocated ARRA funds to MAG, the Regional Council approved Scenario #1, Option A, with a minimum agency allocation of \$500,000 plus population, with a due date of April 3, 2009, to define and submit projects to MAG for ARRA funds. She said that the process will then be followed to conduct any necessary air quality conformity or consultations and to administratively adjust or amend the FY 2008-2012 TIP. Ms. Yazzie noted that projects need to be obligated by November 30, 2009, and funds from projects that did not obligate will be reprogrammed to meet the federal obligation date of March 2, 2010. She expressed her appreciation to member agency staff, and she explained that it is not an easy task to understand not only the legislation, but also the policy implications.

Ms. Yazzie stated that the MAG sub-allocated ARRA funds total \$104,578,340, and the projects identified in the MAG region total \$102,621,182. She advised that project identification is still underway with five MAG member agencies, Federal Highway Administration (FHWA), the Bureau of Indian Affairs, and the Federal Transit Administration.

Ms. Yazzie reviewed some of the projects that have been submitted for the sub-allocation funding, including some Americans with Disability Act projects, pavement rehab and reconstruction

projects, bridge projects, intersection and/or capacity improvement projects, ITS projects, pedestrian projects, safety and sign projects, and transit projects.

Ms. Yazzie stated that the next steps include action by the Transportation Policy Committee and Regional Council on amendments and administrative modifications to the MAG TIP and RTP. She noted that ADOT and FHWA are hosting a joint meeting of local governments regarding project implementation and development in April 2009. Ms. Yazzie stated that this item was not on the agenda for action, but for information and discussion. Chair Berman thanked Ms. Yazzie for her report and asked members if they had questions.

Mr. Billings asked if the \$102 million worth of projects for the MAG sub-allocated ARRA amount reflected only construction costs. Ms. Yazzie replied that the amount included pre-design engineering or scoping documents for the majority of projects. She noted that the detailed description of each project is included in the material for agenda item #6.

6. Project Changes – Amendment and Administrative Modification to the FY 2008-2012 MAG Transportation Improvement Program and FY 2009 Arterial Life Cycle Program, Including Funding from the American Recovery and Reinvestment Act of 2009

Ms. Yazzie noted that the Transportation Policy Committee was requested to take action on the administrative modifications and amendments to the Transportation Improvement Program (TIP) and Regional Transportation Plan (RTP) 2007 Update, and the FY 2009 Arterial Life Cycle Program (ALCP) to include projects that previously were approved for funding by the Regional Council.

Ms. Yazzie pointed out that revised materials for this item were emailed to members. She explained that Table C was revised to provide flexible options during implementation of projects funded with ARRA funds, and Table D was added in response to a member agency request to modify reimbursements related to two ALCP projects. Chair Berman thanked Ms. Yazzie for her report. With no questions from the Committee, Chair Berman called for a motion.

Councilwoman Baier moved to recommend approval of amendments and administrative modifications to the FY 2008-2012 Transportation Improvement Program, the FY 2009 Arterial Life Cycle Program and as appropriate, to the Regional Transportation Plan 2007 Update as shown in the attached tables. Mr. Berry seconded, and the motion carried unanimously.

7. Proposed Amendment to Add Stage One of the Phoenix Sky Harbor Automated Train System (Sky Train) to the FY 2008-2012 MAG Transportation Improvement Program and MAG Regional Transportation Plan 2007 Update and Inclusion of Stage Two of the Phoenix Sky Harbor Automated Train System (Sky Train) in the MAG Regional Transportation Plan 2007 Update as an Illustrative Project

Eric Anderson, MAG Transportation Director, described the Sky Train as an automated transit system that will connect the major facilities at Phoenix Sky Harbor International Airport with the

METRO light rail system. He said that Stage One would connect the light rail station at 44th Street and Washington to Terminal Four at Sky Harbor Airport; Stage Two is to continue Sky Train to connect to Terminal Three and Terminal Two and then to the rental car center.

Mr. Anderson reported that this agenda item is a request by the City of Phoenix to amend the FY 2008-2012 MAG Transportation Improvement Program and MAG Regional Transportation Plan 2007 Update to include Stage One of the Sky Train project and to add Stage Two to the Regional Transportation Plan (RTP) 2007 Update as an illustrative project.

Mr. Anderson stated that the City of Phoenix is funding Stage One with airport revenue and passenger facility fees. He explained that the MAG Plan must be fiscally constrained and to add Stage Two to the Plan, it would need to be added as an illustrative project, which is a project that does not have identified funding. Mr. Anderson noted that adding the project to the MAG Plan would allow the City of Phoenix to explore possible federal grants and a federal financing program called Transportation Infrastructure Financing Innovation Act of 1998 (TIFIA). He explained that TIFIA is a federal government loan program to be used for revenue generating projects and in order to be eligible to receive TIFIA funds, a project must be in a TIP and RTP. Mr. Anderson stated that TIFIA loans mainly have been used for toll roads and this might be the first application for airports. He indicated that staff feels this would be a good use of a program not yet used in Arizona and is interested in seeing the results of this loan program being used for Sky Train. Mr. Anderson said that the repayment sources for Stage Two loans will be from passenger facility fees and airport revenue.

Paul Blue, Assistant Aviation Director for the City of Phoenix Aviation Department, continued the presentation. He displayed a map of the Sky Train route and said that Sky Train is a driverless automatic train that will connect with METRO light rail and run through the terminal facilities, public parking facilities, future ground transportation centers, and the rental car center. Mr. Blue stated that the Sky Train is a \$1.5 billion, five-mile long, grade-separated transit system on airport property. He advised that the train's funding will be from airport facility charges and revenue.

Mr. Blue stated that the project will be built in two stages. Stage One will take passengers from the METRO light rail station at 44th Street and Washington to Terminal Four at the airport, and Stage Two will be the completion of the system to the rest of the airport. Mr. Blue noted that Stage One is anticipated to be complete in 2013 and Stage Two in 2020. Mr. Blue stated that the decision to construct Sky Train in two stages was purely financial. He said that the City preferred to build it all at one time, but was constrained by financial capabilities.

Mr. Blue displayed a rendition of the 44th Street and Washington Street station, which showed the METRO stop and the Sky Train. He noted that currently buses are operating there and serve all four terminals. Mr. Blue stated that the plan is that by 2013, the Sky Train station will connect via a pedestrian bridge across Washington and across the canal. Passengers will take an elevator or escalator to a platform, and in four minutes, they will be at Terminal Four, where 80 percent of the airport's customers are located.

Mr. Blue explained how the airport cannot make improvements in certain areas due to constraints by the roadway system and airport gates, and the City sees Sky Train as an option for growing capacity. He commented that the City sees this as an integral part of the surface transportation solution in the region to get people to the airport.

Mr. Blue displayed a rendition of what passengers will see when they disembark from light rail onto the station platform, and noted the location of escalators and the air conditioned moving walkway. He noted that all ground transportation modes – courtesy vans, taxis, buses, etc. – will also be accessible. Mr. Blue showed an animation of how the Sky Train will integrate into the airport. He said that the Sky Train will move along the westbound lanes of 44th Street, and noted that \$80 million was saved by utilizing the existing roadway. Mr. Blue described how the Sky Train moves at-grade and begins its ascent to become elevated. He said that Sky Train will enter Terminal Four at the passenger level.

Mr. Blue stated that the Sky Train has received NEPA approval and construction of Stage One began in November 2008. He noted that completion of Stage One is expected in 2013. He stated that the City of Phoenix is here today to request a recommendation to amend the TIP and RTP to add Stage One of the Sky Train and to include Stage Two of Sky Train to the MAG RTP as an illustrative project in order to move the project forward. Mr. Blue commented that the City thinks Sky Train will be a great part of the airport and regional transportation system and that connecting all of the airport terminals is very important. He stated that MAG approval will provide the opportunity for the City of Phoenix to pursue TIFIA funds that will allow them to free up about \$200 million of its capital capacity to fund the extension of Terminal Four to Terminal Three and Terminal Two. Mr. Blue stated that the City has an opportunity this summer to pursue TIFIA funds, and if they can get started on the extension of Terminal Four to Terminals Three and Two in the next six months, the entire project could be completed in 2013. Chair Berman thanked Mr. Blue for his report and asked members if they had questions.

Supervisor Wilson referenced Mr. Blue's comment that lanes on 44th Street would be used for Sky Train and asked if traffic lanes would be lost in the process. Mr. Blue replied that they would be using the conversion of SR-153, which was previously a highway and was converted to 44th Street south of the airport. He said that the two westbound lanes would be converted for use by Sky Train. Mr. Blue stated that they have done extensive modeling with MAG and ADOT and they are comfortable they have capacity for decades to come.

Supervisor Wilson asked if the modeling studies were available. Mr. Blue replied that studies were available and could be provided to Supervisor Wilson. Supervisor Wilson expressed that he appreciated they were comfortable that there would be sufficient capacity, but he had not heard about this before. He asked how carrying luggage would be accommodated. Mr. Blue replied that they would provide the same type of luggage carts as in the airport. Once off the light rail, and passengers ascend the elevator or escalator, they would find the luggage carts. Mr. Blue noted that the luggage carts can roll right on to the train cars.

Supervisor Wilson asked the cost of the system and whether passengers would pay a fee to use the Sky Train. Mr. Blue replied that the cost is estimated at \$1.5 billion and there is no charge to customers to ride the train. Supervisor Wilson asked how the funds would be generated to pay the cost of the system. Mr. Blue replied that the cost would be funded out of the revenue stream generated at the airport.

Councilmember Aames stated that \$1.5 billion is a lot of money and asked what accounted for the high cost. Mr. Blue responded that the cost is attributed to multiple factors, including the complexity of the automated system, the elevated element, the automated rail cars, and the interface of the stations with air conditioned buildings.

Councilmember Aames asked the frequency of the stops. Mr. Blue replied that the trains will arrive every 90 seconds to two minutes. Councilmember Aames commented that this would add to the expense. Mr. Blue said that was correct; it would require capacity as well as train cars to serve the capacity.

Mr. Berry said that he assumed the City had spoken to the tenant airlines and asked if the project has their support. Mr. Blue responded that the airlines are not directly funding the cost of the project nor its operations. He indicated that it would be fair to say they do not particularly support Sky Train, but also admit they are not funding the project.

Mr. Berry asked the source of airport revenue for Sky Train. Mr. Blue replied that the revenue comes from a \$4.50 fee per passenger flying out of the airport, concessions, parking fees, and commercial activities at the airport with the exception of the airlines. Mr. Berry asked if the costs for Sky Train would impact the \$4.50 fee. Mr. Blue replied that this would be a continuation of the \$4.50 fee, which is charged for a defined set of projects. Once the set of projects is concluded, future sets of projects would be substituted. Mr. Blue noted that the passenger fee has been in place since the late 1990s. Mr. Berry commented that the fee would not change but would stay in place longer. Mr. Blue replied that was correct.

Councilmember Aames asked the proportion of federal funds that are being used. Mr. Blue replied that the City currently has no approval for federal funding for this project. He added that this project is being funded entirely by local funds. Mr. Blue stated that if other financing vehicles might become available, it would allow the City to advance Stage Two; without a grant the City will be paying all the costs itself. He noted that the City has not applied yet to any grant program to secure federal funding.

Councilmember Aames asked the status of an additional \$32 million that will be forthcoming. Mr. Blue responded that there is a discretionary department of transportation program that is part of the stimulus program. He explained that it is a \$1.5 billion pot nationally that is something the City will explore as an option for funding, however, the rules have not been written yet and he was not sure how they could take advantage of the program. Mr. Blue stated that the TIFIA program seems to be a vehicle that could work and provide more flexible financing than what they could find on

their own. Councilmember Aames asked for clarification that this was the purpose of the request. Mr. Blue replied that was correct.

Mayor Cavanaugh complimented Mr. Blue on the presentation. He asked if there was a picture of the Sky Train vehicle. Mr. Blue replied that they are in the middle of the procurement process and it is difficult to describe the model for certain, however, the vehicles would be similar to those in Dallas, Denver, Pittsburgh, and Las Vegas.

Mayor Cavanaugh asked the carrying capacity. Mr. Blue replied that each car could carry 80 to 90 people and luggage carts. He added that the cars are also able to accommodate passengers in wheelchairs. Mayor Cavanaugh asked for confirmation that Stage One is being funded entirely by airport revenue and fees. Mr. Blue replied that was correct.

Mayor Cavanaugh asked Mr. Anderson if Stage Two would be added as an illustrative entry into the Proposition 400 plan. Mr. Anderson replied that was correct. Mayor Cavanaugh asked if the illustrative entry would include a likely funding source. Mr. Anderson replied that if the project is put in the plan, it will say the project is intended to be funded by passenger facility charges, however, due to the uncertainty of the revenue stream and the timing of Stage Two, the airport wants to finish Stage One first, then explore some financing options that would enable them to extend Stage One to Terminals Two and Three. Mr. Anderson stated that it would be written into the plan that it is not fully funded, and that is why it would be an illustrative project.

Mayor Cavanaugh asked if potential funding sources would be included. Mr. Anderson replied that potential funding sources might not necessarily be included, however, TIFIA might be included. He said that it all depended on the timing of the written document and the progress Phoenix has made by that time. Mayor Cavanaugh expressed concern about protecting funding sources that could be used for other requirements rather than transferring those funds to this project. He asked if this would preclude that from happening. Mr. Anderson replied that it was safe to say that the RTP funding would not be used to fund this project.

Mr. Blue stated that the airport has plans to use airport revenue to fund Sky Train and is also pursuing programs with the federal government. He expressed that there is no intention to dislocate existing plans elsewhere in the region or other important surface transportation projects. Mr. Blue commented that if there is an opportunity for federal funds, the City would like to advance the project to provide options for the community to get to the airport.

Mr. Billings asked about the percentage of passengers who use light rail to Terminal Four versus parking structures, and once the system is in place, will parking fees increase or remain the same. Mr. Blue replied that in the original plan, two to three percent of the Sky Train ridership was projected to come from light rail or the bus system. He indicated that with the success of light rail, which is running 25 to 30 percent above projections, it is hard to say, but the influence is probably minor compared to parking demand at the airport. Mr. Blue addressed Mr. Billings' question about the parking fees by saying that they do not envision much change from what has been done with the City Council. He stated that parking fees have been used as a vehicle to manage demand in the

parking facilities. Mr. Blue commented that when Terminal Four closes due to capacity, it is catastrophic to the air carriers, and as a result, they have used parking rates as a vehicle more to manage demand than to make money. Mr. Blue added that there is a concern about balance because fewer people that park mean less revenue.

Councilwoman Baier asked Mr. Blue to confirm that current Proposition 400 funds would not be used for Sky Train. Mr. Blue replied that was correct. Councilwoman Baier asked Mr. Blue to confirm that the Sky Train will be funded by passenger facility charges which will remain stable and will continue to be collected. Mr. Blue replied that was correct. Councilwoman Baier asked Mr. Blue to confirm that the purpose for the City of Phoenix making this request is to ask for the project to be listed in the State and regional transportation plans solely to qualify for the TIFIA program in a timely manner which must be made by this summer. Mr. Blue replied that was the sole purpose of the request and it is not to divert any funding.

Mr. Anderson stated that another advantage is that the Sky Train will serve as a potential stop if commuter rail is established because it is next to the Union Pacific line.

Councilwoman Baier moved to recommend approval of a proposed amendment to add Stage One of the Phoenix Sky Harbor Automated Train System (Sky Train) to the FY 2008-2012 MAG Transportation Improvement Program and MAG Regional Transportation Plan 2007 Update for the necessary air quality conformity analysis, and to include Stage Two of the Phoenix Sky Harbor Automated Train System (Sky Train) in the MAG Regional Transportation Plan 2007 Update as an illustrative project. Councilmember Aames seconded.

Before a vote was taken, a request for public comment was presented by Jerry Spellman, a 30-year resident of Mesa, and coordinator with Unimodal Systems, LLC. Mr. Spellman thanked the Committee for the opportunity to comment. He said that this request that the automated people mover be included in the RTP and TIP is on the agenda so that Phoenix will be eligible to apply for TIFIA funding to enable the airport to expedite this project to connect to light rail. Mr. Spellman stated that he was somewhat of an expert on TIFIA and he has been proposing using TIFIA for a public/private partnership in Arizona on behalf of Unimodal and the Sky Tran system. He said that the difference between Sky Tran and light rail is that Sky Tran can pay for itself; it is also automated, but the cost is less. Mr. Spellman stated that his organization has been an outspoken critic of light rail because of the high cost. When combined with the people mover, the amount of money to serve a few people is obscene. He stated that Sky Train flies in the face of everything good about the TIFIA program, which is meant to encourage public/private investments in transportation. Mr. Spellman's three minute comment period expired. Mr. Spellman stated that TIFIA eligibility criteria include a project of national or regional significance, bringing forward new technologies, and reducing the burden on the taxpayers and on the environment. He said that the only criteria Sky Train meets is that it will be built sooner and will have sufficient revenue generated by bilking passengers with excessive fees to pay back the TIFIA loan. Mr. Spellman stated that Sky Train is only shovel ready to be buried. He commented that it is an outrage when we have PRT systems like Ultra that is being built at Heathrow Airport at a cost of \$15 million per mile and is backed by the British government. Mr. Spellman mentioned that the Swedish

government is also backing a PRT system. He explained that Sky Tran is a personal version of rapid transit, and they are developing the system and testing it in cooperation with NASA at the Ames Research Center in California. Mr. Spellman stated that they recently installed their first vehicle and guideway. He provided copies of his comments, a list of Sky Tran consortium partners, and a flyer that he said he would be handing out at the Mesa public hearing on light rail the next day. Chair Berman thanked Mr. Spellman for his comments. Mr. Spellman thanked the Committee for the extra time to comment.

With no further discussion, the vote on the motion passed unanimously.

8. Legislative Update

Nathan Pryor, MAG Senior Policy Planner, provided an update on legislative issues of interest. He noted his report on federal legislation at the March meeting that the final FY 2009 Omnibus Appropriations Bill was signed by President Obama and the President's budget framework was released, leading to the reauthorization of SAFETEA-LU that expires September 30, 2009.

Mr. Pryor displayed a graph, which illustrated the unmet need in the region by comparing the transportation projects submitted for the stimulus funds in the amount of \$5.5 billion and the actual amount received of about \$300 million.

Mr. Pryor stated that the Congressional Budget Office baseline for the transportation trust fund shows flat growth for the next ten years, and there should not be an expectation of receiving large amounts of stimulus funds. He noted that by 2019, the federal deficit is expected to be 80 percent of the nation's gross daily product, a level that has not been seen since 1948.

Mr. Pryor displayed a map that showed the amount of gasoline taxes per gallon by state and noted that the Arizona rate is 37.4 cents per gallon, well below the US average of 45 cents per gallon. He noted that there is not much political will, nationally or in the State, to increase the gas tax or implement a vehicle miles traveled approach as potential solutions to funding.

Mr. Pryor explained a draft concept of a federal partnership, which is based on helping those regions who help themselves. He said that the concept is geared toward large regions, such as the MAG region, that have dedicated local taxes that support federal or state systems. Mr. Pryor stated that some of the points in the draft concept that is still under development include federal funds proportionate with regional funding, increased certainty in funding, a streamlined planning process, and reduced bureaucracy.

Mr. Smith noted that the amount the MAG region collects from the sales tax exceeds the federal funds amount received. He said that with this concept, a region's or state's own sales tax could be applied as matching funds, or the federal requirements could be reduced, which might entice other metro areas to tax themselves as MAG has done. Mr. Smith noted that Western cities, such as Denver, Salt Lake City, Las Vegas, and San Diego, where the high growth is going to happen, have implemented their own tax because the federal funds have not kept pace. He added that perhaps

the federal government could be enticed to say that those who have provided their own revenue should be rewarded somehow.

Councilmember Aames encouraged proceeding on the concept. He added that if there are particular programs associated, those cities could be involved.

Mr. Smith stated that he will be meeting with the Intermountain MPOs next week and would be presenting this concept.

Supervisor Wilson asked if there were any indications of what will happen to the value of the dollar, especially on what goods could be received in exchange.

Mr. Anderson replied that there is a lot of uncertainty at the federal budget level and concern regarding the federal deficit. He indicated that he had heard that after the stimulus program has been implemented, national attention will turn to deficit control and there will be little appetite for new spending programs. Mr. Anderson stated that there are a raft of proposals coming out of the administration and congress to implement spending programs. He commented that he personally did not know where the economy was headed nationally, but he thought that long term prospects in the MAG region were good and will return to fiscal stability. Mr. Anderson stated that the Highway Trust Fund, which is key to federal highway and transit funding, is projected to go negative this summer. He advised that last year, Congress had to do an emergency appropriation to transfer \$8 billion to the Fund and is expected to do the same this summer. Mr. Anderson expressed his concern with the current obligations and the expectation that there will be money to fund many things, and he was unsure from where the money would come. He stated that programs where regions or states help themselves might be pushed in Washington to leverage federal dollars with state and local funds.

Supervisor Wilson expressed concern with the amount of goods that eventually could be purchased with dollars. He stated that he hoped the updates would continue on this to allow making appropriate preparations.

Mr. Smith commented that such uncertainty has never been experienced. He said that MAG's job is to put together a 20-year plan and right now, all of the elements included in the plan are shifting.

Mr. Anderson stated that the good news is that a bid opening for one of the Loop 303 projects came in 40 percent under the engineer's estimate. He said they are still analyzing the reasons for the low bid. Mr. Anderson stated that the Proposition 400 revenue is still very weak and was down 15.9 percent from last year. He added that he heard the state sales tax for February 2009 was down almost 20 percent, which is a record decline. Mr. Anderson stated that he felt the bottom had not yet been reached, and consumer confidence, which is key to sales tax collection, has not rebounded. He stated that the challenge is predicting where costs will be in two or four years, because never before has there been so many areas of uncertainty.

Mayor Cavanaugh referenced the GPEC report on the amount of stimulus funds states received. He said that showed that on a per capita basis, Arizona was in last place – 50 out of 50. Mayor Cavanaugh stated that the Arizona Congressional delegation can be effective in Washington, and he suggested that Congressional staff be represented in the beginning of discussions about the concept, which he thought has a lot of potential.

There being no further business, the meeting adjourned at 5:10 p.m.

Chair

Secretary